

CITY OF MORENO VALLEY, CALIFORNIA
COMMUNITY FACILITIES DISTRICT NO. 87-1 (TOWNGATE)

**ANNUAL SPECIAL TAX AND
BOND ACCOUNTABILITY REPORT
FOR FISCAL YEAR 2015/16**



Report Date:
May 2015

Prepared by:
FINANCIAL & MANAGEMENT SERVICES DEPARTMENT
SPECIAL DISTRICTS DIVISION

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I. INTRODUCTION

A. DESCRIPTION OF PROCEEDINGS

The City of Moreno Valley, California (“City”) is located in the western portion of Riverside County and is bordered by the cities of Riverside and Perris, Lake Perris, and March Air Reserve Base.

Community Facilities District No. 87-1 (Towngate) of the City of Moreno Valley (“CFD No. 87-1” or “District”) was formed in 1988 to finance the acquisition of certain public facilities (water, sewer, and street improvements; landscaping; storm drain and utility systems) and all necessary work. CFD No. 87-1 consists of approximately 254 gross developable acres (246.22 net taxable acres) located within the City, bounded on the north by State Route 60, on the west by Day Street, on the south by Eucalyptus Avenue, and on the east by Frederick Street.

Pursuant to Resolution No. 87-99 adopted by the City Council on October 20, 1987, and Resolution No. 88-13 adopted April 12, 1988, the District was formed and bonded indebtedness in an aggregate principal amount not to exceed \$21,000,000 and a Rate and Method of Apportionment of Special Tax (the “Rate and Method”) for the District were authorized. The District voted in favor of the incurrence of bonded indebtedness and the levy of a special tax on real property within the District to pay for the principal and interest on the bonds, specified public facilities, administrative expenses of the District, and for any necessary replenishment of the Reserve Account. On April 20, 1988, the City of Moreno Valley Towngate Community Facilities District No. 87-1 Special Tax Bonds Series A (“Series A Bonds”) were issued and on August 14, 1991, the City of Moreno Valley, Towngate Community Facilities District No. 87-1 Special Tax Bonds Series B (“Series B Bonds”) were issued.

On May 24, 1994, Resolution No. 94-28 approving the issuance of CFD No. 87-1 Towngate Special Tax Refunding Bonds Series A (the “1994 Series A Refunding Bonds”) and the Towngate Special Tax Refunding Bonds Series B (the “1994 Series B Bonds”) collectively known as the “1994 Refunding Bonds”, were issued in the aggregate principal amounts of \$14,170,000 and \$8,530,000 respectively.

On October 23, 2007, the City Council approved the issuance of CFD No. 87-1 2007 Special Tax Refunding Bonds (“Bonds”) to refinance the 1994 Refunding Bonds. On November 29, 2007, the Bonds were issued in the amount of \$10,665,000.

The Bonds are special obligations of CFD No. 87-1 and are payable solely from and secured by revenues derived from certain annual special taxes levied on the taxable properties within CFD No. 87-1. The former Community Redevelopment Agency (“Agency”) subsequently entered into an agreement with the City on behalf of CFD No. 87-1, entitled “Agency Towngate Agreement,” under which the Agency agreed to make payments to CFD No. 87-1 from tax increment revenues from the Project Area. In accordance with the Official Statement, the Agency anticipates that Agency Towngate Agreement Amounts will be paid to the District in amounts sufficient to defray scheduled debt service payments on the Bonds for each year that the Bonds remain outstanding and to pay estimated administrative expenses of the District for such year.

In June of 2011, the California Legislature approved trailer bills AB 1x 26 and AB 1x 27 to dissolve redevelopment agencies. On January 10, 2012, the Moreno Valley City Council adopted Resolution No. 2012-04, designating the City of Moreno Valley as the Successor Agency to the Community Redevelopment Agency of Moreno Valley (“Successor Agency”) for the purpose of discharging the obligations of the former Agency. Given the dissolution of the Agency and process established to discharge its obligations (California Legislature approval of trailer bills AB 1x 26 and AB 1x 27, June 2011), every six months the City, as Successor Agency, submits to the Department of Finance (“DOF”) a Recognized Obligation Payment Schedule (“ROPS”), which includes payment of available tax increment (“TI”) towards the CFD No. 87-1 special tax. The DOF has approved the payment of TI for this purpose through December 2015. In the event the DOF does not approve payment of TI after December 2015, there are available funds in the Reserve Account held by trust, to cover the special tax obligation. If future TI is unavailable, debt service payment obligations will be met through the levy and collection of the special taxes.

For further information concerning the City, Agency, Agency Towngate Agreement, or the Project Area, reference is made to the Official Statement of the Bonds.

Table 1: Summary of Proceedings

Document	Number	Date
Resolution of Intention	87-83	August 25, 1987
Resolution of Formation	87-99	October 20, 1987
Resolution of Issuance (Series A Bonds)	88-13	April 12, 1988
Resolution of Issuance (Series B Bonds)	91-90	June 25, 1991
Resolution of Issuance (1994 Refunding Bonds)	94-28	May 24, 1994
Resolution of Issuance (Bonds)	2007-119	October 23, 2007

CFD No. 87-1 Bonds	
Date of Bond Issue (Dated Date)	November 29, 2007
Date of Bond Maturity	December 1, 2021
Amount of Bond Issue	\$10,665,000
Bond Insurer	Ambac Assurance Corp.*

*Bond Insurer’s current rating information may be obtained thru the bond rating agencies.

Table 2: 2007 Special Tax Refunding Bond Principal

Year	CUSIP*	Principal	Year	CUSIP*	Principal
2012	616865 EH0	\$680,000	2018	616865 EP2	\$120,000
2013	616865 EJ6	700,000	2018	616865 EQ0	750,000
2014	616865 EK3	730,000	2019	616865 ER8	910,000
2015	616865 EL1	760,000	2020	616865 ES6	950,000
2016	616865 EM9	790,000	2021	616865 ET4	985,000
2017	616865 EN7	830,000			

* Committee on Uniform Security Identification Procedures (“CUSIP”)

The principal amount outstanding for the Bonds following the December 1, 2014 debt service payment is \$6,095,000. For a complete principal payment schedule, please refer to Appendix D: Debt Service Schedule.

B. DISTRICT

CFD No. 87-1 has approximately 254 gross developable acres (246.22 net taxable acres) of land located in the City and bounded on the north by State Route 60, on the west by Day Street, on the south by Eucalyptus Avenue and Towngate Boulevard, and on the east by Frederick Street. A map of the boundaries of CFD No. 87-1 is also set forth in Appendix E of this report.

CFD No. 87-1 is located within and adjacent to the boundaries of the Towngate development and consists of the following areas: 1) Towngate Center and Plaza, 2) Moreno Valley Mall, 3) Towngate Promenade, 4) Towngate Crossing, 5) Towngate Square, and 6) Stonegate at Towngate Apartments.

The following table provides a summary of the historical property valuations within the District.

Table 3: CFD No. 87-1 Valuation

Fiscal Year	Total Assessed Value*
2007/08	\$ 310,825,680
2008/09	375,780,906
2009/10	354,682,609
2010/11	317,345,665
2011/12	371,597,227
2012/13	341,026,452
2013/14	325,841,635
2014/15	392,154,624
2015/16	401,630,330

*The Total Assessed Value includes land and structure values.
Source: Assessed Values - Riverside County Secured Property Tax Roll.

i. DEVELOPMENT RESTRICTIONS

As of the date of this report, there have been no significant amendments to land use entitlements for property in the District nor significant legislative, administrative, or judicial challenges to construction or development in the District, or to the use of any parcels known to the City.

ii. DEVELOPMENT STATUS

Table 4, on the following page, sets forth a summary of any building permits (BP) issued for new construction and certificates of occupancy (C of O) issued on parcels subject to the special taxes for fiscal year (“FY”) 2014/15 through April 2015.

Table 4: Development Status

APN	Date Issued ⁽¹⁾	Business Name	Address	Sq. Footage	Occupancy Type
291-570-021	08/14/2014	C OF O AND NEW OWNERSHIP FOR "ACAPULCO MEXICAN RESTURANT"	12625 FREDERICK STEET, BLDG. T	7,500	Resturant
291-110-032 ⁽²⁾	10/16/2014	C OF O AND NEW OWNERSHIP FOR "EL PASO MEXICAN FOOD"	22500 TOWN CIRCLE, SUITE 2142	723	Resturant
291-110-032 ⁽²⁾	11/10/2014	TENANT IMPROVEMENTS AND C OF O FOR "LOCKER ROOM"	22500 TOWN CIRCLE, SPACE 1130	3,063	Retail
291-110-032 ⁽²⁾	11/17/2014	C OF O AND NEW OWNERSHIP FOR "HOTDOG ON A STICK"	22500 TOWN CIRCLE, SPACE 2145	589	Resturant
291-110-032 ⁽²⁾	11/24/2014	TENANT IMPROVEMENTS AND C OF O FOR "POTATO CORNER"	22500 TOWN CIRCLE, SUITE 1210	581	Resturant
291-110-032 ⁽²⁾	12/04/2014	C OF O FOR "MARK JEWELERS"	22500 TOWN CIRCLE, SUITE 2193	700	Retail
291-110-032 ⁽²⁾	12/05/2014	TENANT IMPROVEMENTS AND C OF O FOR "MOLINA HEALTH INFORMATION CENTER"	22500 TOWN CIRCLE, SUITE 2199	986	Service
291-110-032 ⁽²⁾	01/23/2015	C OF O FOR "ESSENTIAL DESIGNS"	22500 TOWN CIRCLE, SPACE 2217	987	Service
291-110-037	02/03/2015	INTERIOR TENANT IMPROVEMENTS FOR "MACY'S"	22400 TOWN CIRCLE, SPACE 1130	Not available	Retail
291-590-022	03/11/2015	INTERIOR TENANT IMPROVEMENTS FOR "STARBUCKS"	12430 DAY STREET	500	Resturant
291-570-008	03/27/2015	INTERIOR TENANT IMPROVEMENTS FOR "TIME WARNER"	12625 FREDERICK STREET, SUITE F10	4,493	Service
291-660-040	04/14/2015	BUILDING PERMIT AND C OF O FOR "ALDI FOOD MARKET"	12630 DAY STREET	60,924	Retail
291-110-032 ⁽²⁾	04/23/2015	C OF O FOR "MORENO VALLEY PROFESSIONAL CENTER FOR ALDI MARKET"	22500 TOWN CIRCLE, SUITE 2000	4,363	Service

Notes:

¹ Date issued represents the date the certificate of occupancy or tenant improvement permit was issued, not the date of the final inspection.

² 291-110-032 is the Mall's Main Area, which includes the smaller (non-anchor) shops.

Source: Permit Plus

C. PUBLIC FACILITIES

The public facilities were developed in two phases: "Phase One" and "Phase Two." Phase One included the development of approximately 163 acres within CFD No. 87-1. The public facilities financed with bond proceeds were constructed to serve Phase One development and consisted of roadway improvements to include certain grading, paving, base, curbs, gutters, sidewalks, landscaping, sewers, drainage, intersection work, street lights, signing, striping, traffic signals, irrigation conduit and utilities, together with appurtenances and appurtenant work on Eucalyptus Avenue (formerly Eastridge Avenue), Heritage Way, a segment of Towngate Circle, Centerpoint Drive, and Frederick Street, as well as storm drain improvements, water and sewer improvements, and construction of a freeway ramp.

The Phase Two improvements consisted of road improvements to include certain grading, paving, base, curbs, gutters, sidewalks, landscaping, rights-of-way, drainage, intersection work, street lights, signing, striping, traffic signal, irrigation conduit and utilities, together with appurtenances and appurtenant work on Campus Parkway, Gateway Drive, Eucalyptus Avenue (formerly Eastridge Avenue, northwest to southeast), Eucalyptus Avenue (northeast to southwest), and Day Street, as well as storm drain improvements, sewer improvements, a sewer lift station, detention basin, purchase of right-of-way, and construction of a freeway ramp.

II. FINANCIAL INFORMATION

A. FINANCIAL STATEMENTS

The City's audited financial statements for the period ending June 30, 2015, will be filed separately with the Electronic Municipal Market Access ("EMMA") service provided by the Municipal Securities Rulemaking Board (www.emma.msrb.org) and are hereby incorporated by reference into this report. In addition, the audited financial statements will be available from the City's Financial & Management Services Department and available for review on the City's website at www.moval.org.

B. DESCRIPTION OF FUNDS

Article III of the Bond Indenture requires the Trustee to establish and maintain the following funds and accounts.

i. SPECIAL TAX FUND

The Trustee shall transfer available monies from the Special Tax Fund in accordance with the Bond Indenture (Section 3.2).

a) Administrative Expense Account

The Trustee in accordance with the Bond Indenture (Section 3.3) shall, not less than annually, transfer payment of funds to the Administrative Expense Account.

b) Principal and Interest Accounts

The principal and interest due on the Bonds until maturity shall be paid by the Trustee from the Principal and Interest Accounts. In accordance with the Bond Indenture (Section 3.4), the Trustee shall transfer the payment of principal prior to each June 1 and interest prior to each June and December 1. Payment shall be applied first to the Interest Account, then to the Principal Account from the Special Tax Fund. If the amounts in the Special Tax Fund are inadequate, any deficiency shall be made up by the Reserve Account.

The payment of interest, as set forth in the Bond Indenture (Section 3.4[a]), shall equal the amount of interest due on the Bonds as of the interest payment date and include any amount of prior unpaid interest.

The payment of principal, as set forth in the Bond Indenture (Section 3.4[b]), shall equal the amount of the principal payment due on December 1 and any unpaid principal amount due from the previous December 1.

c) Redemption Account

As set forth in the Bond Indenture (Section 3.5), the Redemption Account is available for the purpose of paying the interest, principal, and premiums, if any, on the Bonds called for optional redemption. This fund shall be used solely for the purpose of redeeming Bonds.

d) Reserve Account

The Reserve Account, as set forth in the Bond Indenture (Section 3.6), is established to maintain an amount equal to the Reserve Requirement. The Reserve Account will be used solely to pay principal and interest on the Bonds in the event that the monies in the Interest and Principal Accounts are insufficient to pay the principal and interest due on any payment date or any required transfer to the Rebate Fund in accordance with the Bond Indenture.

As set forth in the Bond Indenture, monies in the Reserve Account in excess of the Reserve Requirement are to be transferred to the Interest Account to pay interest on the Bonds.

ii. REBATE FUND

Per the Bond Indenture (Section 3.7), the Trustee shall establish and maintain the Rebate Fund, which is separate from any other fund. All money at any time deposited in the Rebate Fund, Rebate Account, or Alternative Penalty Account shall be held by the Trustee for payment to the United States Treasury.

a) Rebate Account

The Rebate Account shall be maintained by the Trustee in accordance with Section 3.7(i) of the Bond Indenture.

b) Alternative Penalty Account

The Alternative Penalty Account shall be maintained by the Trustee in accordance with Section 3.7(ii) of the Bond Indenture.

c) Rebate Liability

With regard to the Bonds, the Arbitrage Rebate Consultant shall prepare the computations for the arbitrage rebate liability for each account requiring an arbitrage calculation. The first installment computation for the Bonds was due November 29, 2012, five years from the dated date of the Bonds. For Arbitrage purposes, the 8038G tax certificate treats the 2007 Special Tax Refunding Bonds and the 2007 Tax Allocation Bonds, Series A as a single issue. As such, the Arbitrage Report contains the combined calculation for both issues. The table below reflects the cumulative arbitrage calculation through November 29, 2012. The next installment computation for the Bonds is due November 29, 2017.

Table 5: Arbitrage Calculation Summary

**Arbitrage Rebate Liability
For the Period November 29, 2007 – November 29, 2012**

Costs of Issuance - 87-1 Refunding Bonds	\$	(429.82)
Costs of Issuance - 2007 TAB		(148.53)
Improvement - 2007 TAB (Unrestricted)		(3,071,054.92)
Improvement - 2007 TAB (Restricted)		(2,040,356.57)
Reserve - 87-1 Refunding Bonds		(257,069.38)
FV Computation Date Credit - 11/29/08		(1,739.40)
FV Computation Date Credit - 11/29/09		(1,725.78)
FV Computation Date Credit - 11/29/10		(1,654.33)
FV Computation Date Credit - 11/29/11		(1,596.28)
Computation Date Credit - 11/29/12		(1,550.00)
Total	\$	(5,377,325.01)
Rebate Liability (90% of Total)		-

Source: Arbitrage Rebate Calculation dated January 2013 prepared by Willdan Financial Services

iii. SURPLUS FUND

After all transfers have been made as required by the Bond Indenture (Sections 3.3 thru 3.7), all remaining amounts in the Special Tax Fund, if any, shall be transferred to the Surplus Fund. Monies remaining in this fund may be used for payment of interest, principal, administrative expenses, replenishment of the Reserve Fund, reduction of next year's special tax levy, or for any other lawful purpose.

iv. COSTS OF ISSUANCE FUND

In accordance with the Bond Indenture (Section 3.9), the Trustee has disbursed all monies from the Cost of Issuance Fund. During FY 2008/09, all remaining monies were transferred by the Trustee to the Surplus Fund and the Costs of Issuance Fund was closed.

C. FUND BALANCES

All tax increment for FY 2014/15 has been received and transferred to the Trustee in compliance with the Bond Indenture. Bank statements, as provided by the Trustee, were not available to reflect the transfer of funds as of the date of this report.

Table 6: Fund Balances

Fund / Account	Balance as of April 30, 2015
Special Tax Fund	\$ 696,975.64
Interest Account	1.46
Principal Account	3.92
Redemption Account	-
*Reserve Account	1,028,723.92
Administration Expense Account	377.02
Lehman Bros. Investment Agreement	536,098.14
Rebate Fund	-
Cost of Issuance Fund	-
Surplus Fund	0.35

* Funds in the Reserve Account reflect an amount at least equal to the Reserve Fund Requirement. The Reserve Fund Requirement for FY 2014/15 is \$1,028,681.26.

III. THE BONDS WERE PRIMARILY ISSUED FOR REFUNDING PURPOSES. AS SUCH, NO PROCEEDS WERE ALLOCATED FOR THE ESTABLISHMENT OR FUNDING OF AN ACQUISITION AND CONSTRUCTION FUND. COMPUTATION OF THE SPECIAL TAX REQUIREMENT

A. ADMINISTRATIVE EXPENSES

The administrative expense categories are described below. The estimates for these administrative expenses are set forth in Section III.B of this report, Special Tax Requirement. Expenses of this type shall be paid from the Special Tax Fund (Section 3.3 of the Bond Indenture).

i. SPECIAL TAX REPORT AND ADMINISTRATION

This expense relates to the cost for preparing the Special Tax Report, Continuing Disclosure Report, delinquency monitoring and the special tax installment information to submit to the County of Riverside.

ii. TAX INCREMENT ANALYSIS

The City is required to gather data related to the tax increment generated by each parcel. This expense is for reimbursement of these efforts.

iii. TRUSTEE FEES

This expense relates to the fees for the Trustee's services associated with bond and fund administration.

iv. ARBITRAGE REBATE CALCULATION

This expense is related to the costs of calculating the arbitrage rebate as required by Federal Law.

v. CITY COSTS – CONTRACT SERVICES

This expense relates to the costs for disclosure counsel legal services for the preparation and dissemination of significant event reports associated with CFD No. 87-1.

vi. CITY COSTS – PERSONNEL

This estimated cost relates to the City's expense for coordinating the consultants, attorneys, bankers, investment bankers, and other administrative contractors, as well as administrative services and project management provided by the City staff in monitoring tax installments, foreclosure proceedings, bond proceedings, and compliance with related laws.

vii. CITY COSTS – ACCOUNTING

This expense relates to the cost of the City's accounting of the Bond proceeds, fund monitoring, and administration of the debt service requirements, as well as costs associated with outside auditors.

viii. CITY COSTS – GENERAL ADMINISTRATION

This expense relates to the cost of the City's general administrative services, overhead for personnel support, building rental and maintenance, insurance, City Council support, City Manager support, purchasing, communications, etc.

ix. COUNTY ADMINISTRATIVE EXPENSE

This expense includes the Riverside County fees to levy and collect the tax installments on the property tax bills. Riverside County will assess additional fees for any adjustments made to the property tax bills.

B. SPECIAL TAX REQUIREMENT

Table 7: Special Tax Requirement FY 2015/16

GROSS REQUIREMENT		
Annual Debt Service		\$ 1,028,181
Reserve Fund Replenishment		-
	Total Debt Requirement	\$ 1,028,181
Administrative Expenses:		
Special Tax Report & Administration		\$ 16,830
Tax Increment Analysis		36,210
Trustee Fees		2,000
Arbitrage Rebate Calculation		500
Contract Services		2,381
Personnel		32,798
Accounting		37,230
General Administration		18,615
	Total Administrative Expenses	\$ 146,564
County Expenses:		
County Tax Roll Fees		\$ -
	Total County Administrative Expenses	\$ -
TOTAL GROSS REQUIREMENT		\$ 1,174,745
CREDITS: INTEREST EARNINGS, TRANSFERS & TAX CONTRIBUTIONS		
Interest Earnings (Estimated)		\$ -
Surplus Reserve Fund Credit		-
	Total Interest Earnings and Transfers	\$ -
Tax Increment Contribution/Recognized Obligation Payment (ROP)*		\$ 1,174,745
	Total Tax Increment/ROP Contributions	\$ 1,174,745
TOTAL CREDITS		\$ 1,174,745
TOTAL NET SPECIAL TAX REQUIREMENT		\$ 0

* The 2015/16 Rops Amount is approved for \$594,496 as of 4/10/15. An additional \$580,249 will be requested from the state for the second half of the ROPs submission.

IV. SPECIAL TAX ALLOCATION

The City has the power and as such is obligated to levy and collect the special tax according to a Rate and Method, which the eligible landowner electors within CFD No. 87-1 have approved. The special tax formula apportions the total net special tax requirement (principal, interest, restoration of the Bond Reserve Account, and administrative expenses, if required) each year and takes into account the availability of other revenues.

The City has covenanted in the Bond Indenture to levy the special tax for collection in each FY to generate that amount of special tax revenue which, when combined with the estimated reimbursement tax increments to be received by CFD No. 87-1 during such FY and all available funds on deposit in the Special Fund, will yield an amount adequate to pay for the following costs, listed by priority as stated in Section 3.2 of the Bond Indenture:

1. Authorized costs of administration,
2. Interest on the Bonds,
3. Principal on the Bonds, and
4. Replenishment of the Bond Reserve Account to the reserve requirements.

A. SPECIAL TAX RATE

The Special Tax Rate shall be the amount set forth in Table 8, as calculated in accordance with the Rate and Method. The special tax levy shall first be uniformly applied to the developed property in an amount not to exceed \$11,500 per net acre. The maximum special tax of \$11,500 shall be applied to the developed property prior to the levy of any special tax on the undeveloped property. The remaining special tax levy, if any, shall then be uniformly applied to the undeveloped property which amount shall not exceed \$11,500 per net acre. There is no escalator clause for the special tax rates.

B. RATE AND METHOD OF APPORTIONMENT

i. SPECIAL TAX LEVY

Each year, the City Council, acting as the Legislative Body of the District, shall determine the total special tax to be levied and collected for the current FY including, but not limited to, the amounts required to pay for debt service on any indebtedness, pay incidental or administrative expenses incurred by the District, and replenish the Reserve Account, as necessary.

ii. SPECIAL TAX LIEN

The special taxes and any penalties thereon constitute a lien against the lots and parcels of land, which will be annually imposed until they are paid. Such lien is on parity with all special taxes and special assessments and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The special taxes have priority over all existing and future private liens imposed on the property. Although the special taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. There is no assurance that the owners will be financially able to pay the annual special taxes or that they will pay such taxes even if financially able to do so. With certain limitations, the City has covenanted to commence foreclosure proceedings in the event delinquencies

occur. These limitations are more fully described in Article V of the Bond Indenture, and in the "Sources of Payment for the Bonds" section of the Official Statement.

C. SPECIAL TAX ALLOCATION

The special taxes for the District are allocated to all taxable properties. Table 8 sets forth the FY 2015/16 allocation of Special Taxes.

Table 8: Special Tax Allocation/Property Owners

Assessor's Parcel Number	Property Owner	Development Status	FY 2015/16 Assessed Land Value	FY 2015/16 Assessed Structure Value	FY 2015/16 Total Assessed Value	Taxable Acres	FY 2015/16 Maximum Special Tax	FY 2015/16 Special Tax 3
291-110-017	STONEGATE 552	Developed	\$ 15,001,101	\$ 69,647,987	\$ 84,649,088	26.09	\$ 300,035	\$ -
291-110-032	2250 TOWN CIRCLE HOLDINGS	Developed	12,259,297	48,823,985	61,083,282	31.09	357,535	-
291-110-033	2250 TOWN CIRCLE HOLDINGS	Developed	3,449,658	8,276,623	11,726,281	7.43	85,445	-
291-110-034	EL CORTE INGLÉS	Developed	6,386,239	10,823,382	17,209,621	9.58	110,170	-
291-110-035	SEARS ROEBUCK & CO	Developed	4,639,332	8,698,748	13,338,080	10.51	120,865	-
291-110-036	J C PENNEY PROP INC	Developed	6,805,931	11,752,828	18,558,759	10.13	116,495	-
291-110-037	MACYS CALIF INC	Developed	5,103,266	9,394,650	14,497,916	11.41	131,215	-
291-110-039	COSTCO WHOLESALE CORP	Developed	5,770,260	9,641,049	15,411,309	12.69	145,935	-
291-110-040	NEAL T BAKER ENTERPRISES	Developed	838,163	640,044	1,478,207	-	-	-
291-110-041	CFT DEV	Developed	918,001	770,626	1,688,627	-	-	-
291-570-001	BRIXTON ALTO SHOPPING CENTER	Developed	285,600	632,400	918,000	0.61	7,015	-
291-570-002	BRIXTON ALTO SHOPPING CENTER	Developed	902,700	2,157,300	3,060,000	2.42	27,830	-
291-570-003	BRIXTON ALTO SHOPPING CENTER	Developed	969,000	2,499,000	3,468,000	2.08	23,920	-
291-570-005	BRIXTON ALTO SHOPPING CENTER	Developed	183,600	1,473,900	1,657,500	0.40	4,600	-
291-570-006	BRIXTON ALTO SHOPPING CENTER	Developed	321,300	953,700	1,275,000	0.69	7,935	-
291-570-007	BRIXTON ALTO SHOPPING CENTER	Developed	856,800	2,152,200	3,009,000	2.30	26,450	-
291-570-008	BRIXTON ALTO SHOPPING CENTER	Developed	657,900	1,621,800	2,279,700	1.41	16,215	-
291-570-010	BRIXTON ALTO SHOPPING CENTER	Developed	1,229,100	2,493,900	3,723,000	3.30	37,950	-
291-570-011	E D D INV CO	Developed	249,390	918,000	1,167,390	0.64	7,360	-
291-570-013	BRIXTON ALTO EASTRIDGE	Undeveloped	234,051	-	234,051	0.76	8,740	-
291-570-014	YANLOT DEV CORP	Developed	294,758	1,719,142	2,013,900	0.85	9,775	-
291-570-015	BRIXTON ALTO EASTRIDGE	Undeveloped	77,066	-	77,066	0.25	2,875	-
291-570-016	BRIXTON ALTO EASTRIDGE	Undeveloped	646,878	-	646,878	2.10	24,150	-
291-570-017	BRIXTON ALTO SHOPPING CENTER	Developed	754,800	428,400	1,183,200	0.80	9,200	-
291-570-018	BRIXTON ALTO SHOPPING CENTER	Developed	423,300	1,065,900	1,489,200	0.91	10,465	-
291-570-019	BRIXTON ALTO SHOPPING CENTER	Developed	321,300	933,300	1,254,600	0.34	3,910	-
291-570-020	BRIXTON ALTO SHOPPING CENTER	Developed	229,500	1,361,700	1,591,200	0.49	5,635	-
291-570-021	BRIXTON ALTO SHOPPING CENTER	Developed	372,300	1,973,700	2,346,000	0.80	9,200	-
291-570-022	BRIXTON ALTO SHOPPING CENTER	Developed	1,744,200	4,681,800	6,426,000	4.69	53,935	-
291-570-024	BRIXTON ALTO SHOPPING CENTER	Developed	1,101,600	2,876,400	3,978,000	2.96	34,040	-
291-570-026	BRIXTON ALTO SHOPPING CENTER	Developed	418,200	1,020,000	1,438,200	0.90	10,350	-
291-570-027	BRIXTON ALTO SHOPPING CENTER	Developed	1,581,000	3,182,400	4,763,400	3.40	39,100	-
291-570-028	BERAL HAROLD	Developed	388,969	1,838,929	2,227,898	1.18	13,570	-
291-570-029	BERAL HAROLD	Developed	409,373	92,554	501,927	1.25	14,375	-
291-570-030	BERAL HAROLD	Developed	281,166	1,328,700	1,609,866	0.83	9,545	-
291-570-031	BERAL HAROLD	Developed	406,593	1,290,519	1,697,112	1.10	12,650	-
291-570-032	BERAL HAROLD	Developed	236,593	1,248,374	1,484,967	0.64	7,360	-
291-570-033	BERAL HAROLD	Developed	779,962	1,977,861	2,757,823	2.11	24,265	-
291-570-034	BERAL HAROLD	Developed	340,124	1,144,850	1,484,974	0.92	10,580	-
291-570-035	BERAL HAROLD	Developed	600,467	1,909,145	2,509,612	2.34	26,910	-
291-570-036	BURLINGTON COAT FACTORY	Developed	2,684,531	6,110,897	8,795,428	6.68	76,820	-
291-590-021	GATEWAY CO	Developed	54,799	1,445,728	1,500,527	1.52	17,480	-
291-590-022	GATEWAY CO	Developed	29,921	2,059,531	2,089,452	0.83	9,545	-
291-590-023	LOWES HIM INC	Developed	8,420,440	6,698,178	15,118,618	14.29	164,335	-
291-590-025	JK TOWNGATE PROP	Developed	865,361	1,099,468	1,964,829	0.95	10,925	-
291-590-033	GATEWAY CO	Developed	49,956	4,513,365	4,563,321	1.77	20,355	-
291-590-034	DAY MORENO VALLEY	Developed	1,447,495	6,756,722	8,204,217	3.53	40,595	-
291-590-037	PLAYLAND CENTER INC	Developed	822,758	2,198,930	3,021,688	0.78	8,970	-
291-590-038	GATEWAY CO	Undeveloped ¹	6,193	45,078	51,271	0.98	11,270	-
291-590-039	99 ONLY STORES	Developed	1,074,050	1,346,825	2,420,875	3.50	40,250	-
291-650-001	LEW LA FAYETTE PROP	Developed	999,600	1,978,800	2,978,400	1.50	17,250	-
291-650-002	WINCO FOODS	Developed	4,889,492	3,471,142	8,360,634	10.94	125,810	-
291-650-003	GATEWAY CO	Undeveloped ¹	33,239	52,880	86,119	0.94	10,810	-
291-650-004	GATEWAY CO	Undeveloped ¹	69,314	22,325	91,639	1.96	22,540	-
291-650-005	GATEWAY CO	Undeveloped ¹	68,963	57,411	126,374	1.95	22,425	-
291-650-006	GATEWAY CO	Undeveloped ¹	67,191	78,150	145,341	1.90	21,850	-
291-650-007	GATEWAY CO	Undeveloped ¹	55,166	154,554	209,720	1.56	17,940	-
291-650-008	GATEWAY CO	Undeveloped ¹	70,021	46,344	116,365	1.98	22,770	-
291-650-009	GATEWAY CO	Undeveloped ¹	73,204	110,289	183,493	2.07	23,805	-
291-650-010	GATEWAY CO	Undeveloped ¹	48,800	122,757	171,557	1.38	15,870	-
291-650-012	GATEWAY CO	Undeveloped ¹	47,033	100,977	148,010	1.33	15,295	-
291-650-018	SDG INV	Developed	541,008	1,460,940	2,001,948	1.05	12,075	-
291-660-001	GATEWAY CO	Developed	25,981	2,502,712	2,528,693	1.15	13,225	-
291-660-002	GATEWAY CO	Undeveloped ²	1,096,152	2,044,288	3,140,440	1.23	14,145	-
291-660-003	MAX EXO	Undeveloped ¹	681,360	357,000	1,038,360	1.13	12,995	-
291-660-004	GALA DEV PARTNERS	Undeveloped ¹	995,271	97,657	1,092,928	1.13	12,995	-
291-660-028	AYRES MORENO VALLEY	Developed	2,474,233	5,844,408	8,318,641	2.76	31,740	-
291-660-029	PALMETTO HOSPITALITY OF MOR VALLEY	Developed	1,746,885	8,840,577	10,587,462	2.39	27,485	-
291-660-033	GATEWAY CO	Developed	5,819	81,931	87,750	1.04	11,960	-
291-660-034	GATEWAY CO	Undeveloped ¹	26,198	106,369	132,567	1.18	13,570	-
291-660-035	MORENO VALLEY TWENTY FOUR HOUR	Developed	1,421,829	9,017,200	10,439,029	3.80	43,700	-
291-660-040	GATEWAY CO	Undeveloped ¹	-	-	-	1.53	17,595	-
291-660-042	GATEWAY CO	Undeveloped ¹	-	-	-	1.40	16,100	-
291-660-043	GATEWAY CO	Undeveloped ¹	-	-	-	1.69	19,435	-
Total			\$ 109,361,101	\$ 292,269,229	\$ 401,630,330	246.22	\$ 2,831,530	\$ -

Notes: ¹ APNs which are Undeveloped, but have constructed certain parcel improvements.

² Building permit on this project has expired without completion of the structure and issuance of a Certificate of Occupancy by the City Building Department for the intended use.

³ In accordance with the Official Statement, Agency Payments, "The Agency anticipates that Agency Towngate Agreement Amounts will be paid to the District in amounts sufficient to defray scheduled debt service payments on the Bonds for each year that the Bonds remain outstanding and to pay estimated administrative expenses of the District for such year.

Source: Property Owners/Values/Taxable Acres - Riverside County Secured Property Tax Roll.

V. SPECIAL TAX PAYMENTS

A. DELINQUENCIES

For FYs 2003/04 through 2014/15, the special tax obligation was met with the tax increment generated by CFD No. 87-1 as per the Agency Towngate Agreement. As of the date of this report, there are no outstanding special tax delinquencies in the District for FY 2014/15 or prior years.

Table 9: CFD No. 87-1 Delinquencies

Fiscal Year	No of Parcels Levied ⁽¹⁾	No of Parcels Delinquent	Amount Levied	Amount Delinquent	Percent Delinquent
2007/08	0	0	\$ -	\$ -	0.00%
2008/09	0	0	-	-	0.00%
2009/10	0	0	-	-	0.00%
2010/11	0	0	-	-	0.00%
2011/12	0	0	-	-	0.00%
2012/13	0	0	-	-	0.00%
2013/14	0	0	-	-	0.00%
2014/15	0	0	-	-	0.00%

(1) Special taxes have not been levied because tax increment has been available to meet historical special tax requirements.

Source: Riverside County Tax Collector.

B. FORECLOSURE ACTIONS

There are no delinquent parcels, foreclosure actions, or foreclosure sales pending in the District. In the event of any delinquencies, the District has covenanted for the benefit of the owners of the Bonds that it shall commence and diligently pursue judicial foreclosure proceedings against parcels with delinquent special taxes in excess of \$1,000 by December 1 following the close of the FY in which such special taxes were due. Additionally, the District shall commence and diligently pursue judicial foreclosure proceedings against all parcels with delinquent special taxes by December 1 following the close of any FY in which it receives special taxes in an amount that is less than 90% of the total special tax levied for the FY.

Appendix A: PROPERTY TAX INCREMENT CONTRIBUTIONS

A. TAX INCREMENT CONTRIBUTION

Pursuant to the Agency Towngate Agreement, CFD No. 87-1 is to receive a contribution of tax increment. The Specific Plan Area 200 (TownGate) documents define the property within the Project Area. The base year for the tax increment computation was 1986/87, but was changed to FY 1987/88 by **Resolution No. RDA 87-4** adopted in July 1987.

On June 14, 1994, the City approved **Resolution No. 94-35** and the RDA approved **Resolution No. RDA 94-7** to approve the First Amendment (“Amendment”) to the November 4, 1987, Cooperation and Reimbursement Agreement. The rating agency and Capital Guaranty Insurance Company, the municipal bond insurer for the Refunding Series A Bonds, requested this Amendment. The Amendment continues the 1987 Moreno Valley Redevelopment Project Mixed Use Development Participation Agreement’s (the “Owner Participation Agreement’s”) pledge of tax increment contribution towards the debt service for the 1994 Refunding Bonds. The Amendment also specifies that the RDA will not cause the reimbursement tax increments to be reduced to an amount less than \$1,600,000 a FY so long as the Refunding Series A Bonds are outstanding.

On October 23, 2007, the City approved **Resolution No. 2007-121** and the RDA approved **Resolution No. RDA 2007-08**, approving the Agency Towngate Agreement. The Agreement continued the previous pledge of tax increment contribution towards the debt service for the Bonds.

In June of 2011, the California Legislature approved trailer bills AB 1x 26 and AB 1x 27 to dissolve redevelopment agencies. On January 10, 2012, the Moreno Valley City Council adopted **Resolution No. 2012-04**, which names the City of Moreno Valley as the Successor Agency to the Community Redevelopment Agency of Moreno Valley for the purpose of discharging the obligations of the former Agency.

In accordance with the terms of the Agency Towngate Agreement and Resolution No. 2012-04, the parcels within the CFD are eligible to receive a contribution of tax increment from the Successor Agency contingent upon receiving final authorization from the State of California’s Department of Finance (“DOF”).

Given the dissolution of the Agency and process established to discharge its obligations, every six months, the City as Successor Agency, submits to the DOF a Recognized Obligation Payment Schedule (“ROPS”) which includes the calculation of the payment of available tax increment (“TI”) toward the CFD No. 87-1 special tax. The DOF has approved the payment of TI for this purpose through December 2015. After December of 2015, in the event the DOF does not approve further payment of TI, the Reserve Account as held by the Trustee has available funds to cover the special tax obligation for FY 2015/16. In the future if TI is unavailable, any debt service obligation payments will be met through the levy and collection of the special taxes.

Based on the Agreement and under the new state legislation, the Successor Agency shall submit to the DOF the TI calculation for the ROPs. For FY 2015/16, the CFD No. 87-1 TI amount is based upon the gross special tax calculation of \$1,174,745.00 (as identified in Table 7).

Appendix B: Bond Accountability Report (SB 165)

This Bond Accountability Report is required to demonstrate the special tax requirement for each parcel within the District in order to meet the debt service requirements of the Bonds. Based upon the CFD No. 87-1 special tax requirement as calculated in Table 7, the FY 2015/16 special tax levy for each assessable parcel is shown in Table 8.

The Local Agency Special Tax Bond and Accountability Act ("Act"), enacted by Senate Bill 165 and codified in the California Government Code Sections 53410 through 53412, requires local agencies to submit an annual report to its governing body on local bond measures sold after January 1, 2001. In addition to the Annual Special Tax Report, this report also serves as the Annual Bond Accountability Report as required in accordance with the Act. The purpose of the report is to comply with Section 53411 of the Government Code that states:

"The chief fiscal officer of the issuing local agency shall file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. The annual report shall contain all of the following:

- (a) The amount of funds collected and expended.
- (b) The status of any project required or authorized to be funded as identified in subdivision (a) of Section 53410."

The requirements of the Act apply to the Improvement/Construction Fund of the District. All improvements for the District are complete. There were no improvement/construction funds associated with the issuance of the Bonds. Special Taxes were not levied on the parcels in the District. To date, Tax Increment has been available to pay the administrative expenses and debt service (principal and interest) for the District.

District	Date Bonds Issued	Initial Amount Deposited to Improvement / Construction Fund	Balance as of June 30, 2015	Expended Amount to Date	Project Status
CFD No. 87-1	Nov. 29, 2007	NA	NA	NA	Completed

For additional information, please see Section II Financial Information.

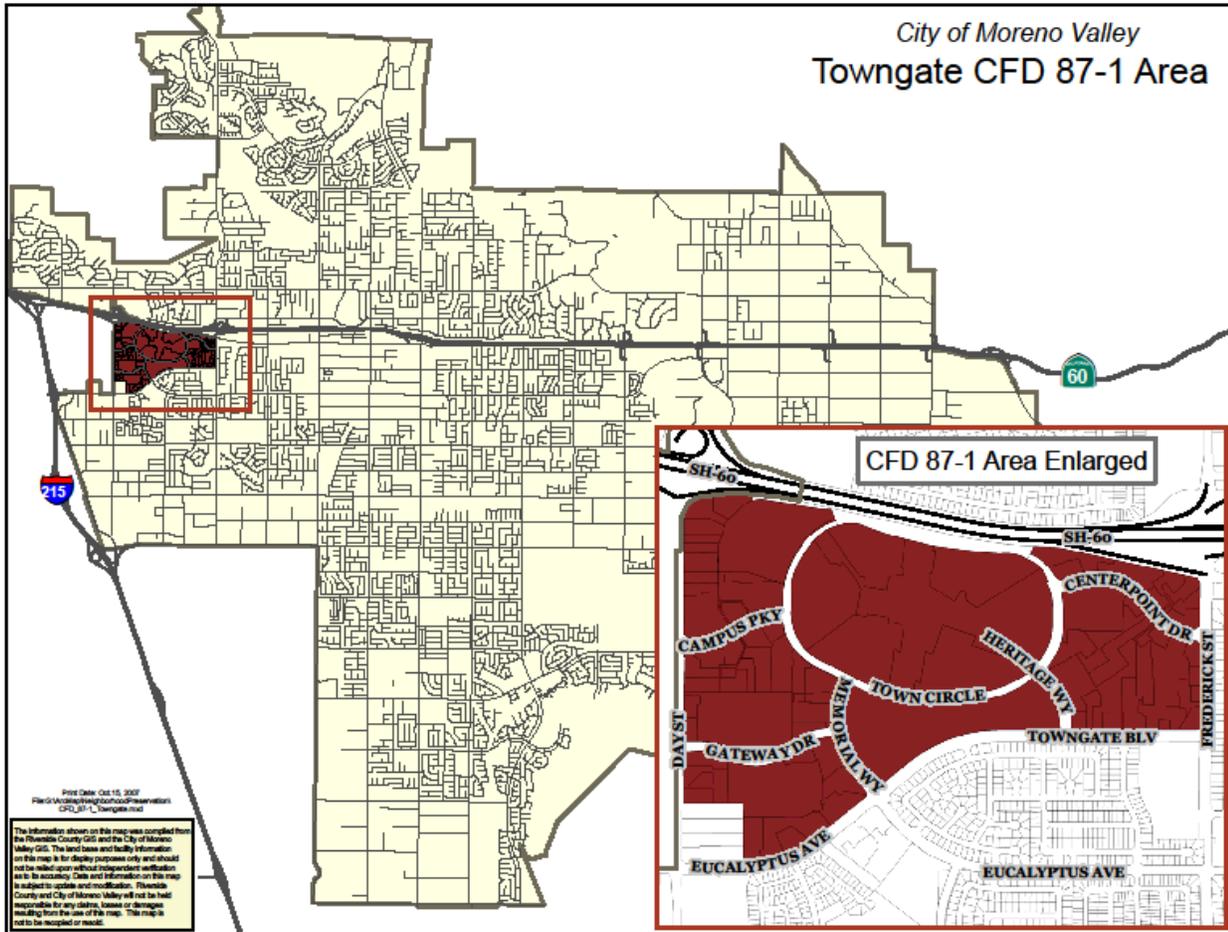
Appendix C: Debt Service Schedule

**CITY OF MORENO VALLEY
COMMUNITY FACILITIES DISTRICT NO. 87-1 (TOWNGATE)
2007 SPECIAL TAX REFUNDING BONDS**

Dated Date	29-Nov-07	Last Maturity	01-Dec-21
Issue Date	29-Nov-07	First Coupon	01-Jun-08
First Maturity	01-Dec-08		

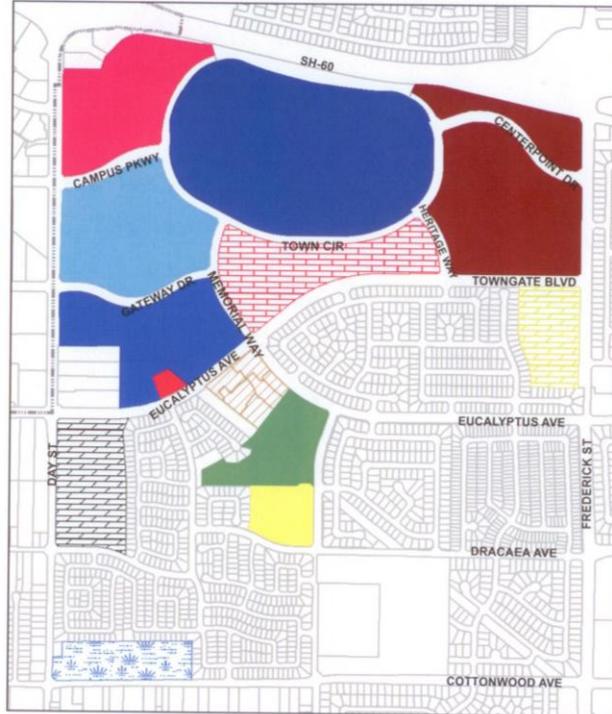
Date	Principal	Interest Rate	Interest	Total Debt Service	Annual Debt Service	Principal Remaining
01-Jun-08			\$ 226,176.08	\$ 226,176.08	-	\$ 10,665,000
01-Dec-08	\$ 575,000	4.000%	223,690.63	798,690.63	\$ 1,024,866.71	10,090,000
01-Jun-09			212,190.63	212,190.63	-	10,090,000
01-Dec-09	600,000	5.000%	212,190.63	812,190.63	1,024,381.26	9,490,000
01-Jun-10			197,190.63	197,190.63	-	9,490,000
01-Dec-10	630,000	3.750%	197,190.63	827,190.63	1,024,381.26	8,860,000
01-Jun-11			185,378.13	185,378.13	-	8,860,000
01-Dec-11	655,000	3.500%	185,378.13	840,378.13	1,025,756.26	8,205,000
01-Jun-12			173,915.63	173,915.63	-	8,205,000
01-Dec-12	680,000	3.500%	173,915.63	853,915.63	1,027,831.26	7,525,000
01-Jun-13			162,015.63	162,015.63	-	7,525,000
01-Dec-13	700,000	3.750%	162,015.62	862,015.62	1,024,031.25	6,825,000
01-Jun-14			148,890.63	148,890.63	-	6,825,000
01-Dec-14	730,000	4.000%	148,890.63	878,890.63	1,027,781.26	6,095,000
01-Jun-15			134,290.63	134,290.63	-	6,095,000
01-Dec-15	760,000	4.000%	134,290.63	894,290.63	1,028,581.26	5,335,000
01-Jun-16			119,090.63	119,090.63	-	5,335,000
01-Dec-16	790,000	5.000%	119,090.63	909,090.63	1,028,181.26	4,545,000
01-Jun-17			99,340.63	99,340.63	-	4,545,000
01-Dec-17	830,000	5.000%	99,340.63	929,340.63	1,028,681.26	3,715,000
01-Jun-18			78,590.63	78,590.63	-	3,715,000
01-Dec-18	870,000	3.875% / 5.000%	78,590.63	948,590.63	1,027,181.26	2,845,000
01-Jun-19			57,515.63	57,515.63	-	2,845,000
01-Dec-19	910,000	4.000%	57,515.63	967,515.63	1,025,031.26	1,935,000
01-Jun-20			39,315.63	39,315.63	-	1,935,000
01-Dec-20	950,000	4.000%	39,315.63	989,315.63	1,028,631.26	985,000
01-Jun-21			20,315.63	20,315.63	-	985,000
01-Dec-21	985,000	4.125%	20,315.63	1,005,315.63	1,025,631.26	-
Total	\$ 10,665,000		\$ 3,705,948.08	\$ 14,370,948.08	\$ 14,370,948.08	

Appendix D: District Boundary Map



Appendix E: Towngate Development Sites

Major TownGate Development Sites



The information shown on this map was compiled from the Riverside County GIS and the City of Moreno Valley GIS. The user bears and holds information on this map as for display purposes only and should not be relied upon without independent verification as to its accuracy. Riverside County and City of Moreno Valley will not be held responsible for any claims, losses or damages resulting from the use of this map.

